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**VIA FAX & REGULAR MAIL**

John Valeri, Esq.  
Chief of Staff  
New Jersey Board of Public Utilities  
2 Gateway Center  
Newark, NJ 07102

Re: New Jersey Propane Gas Association  
One Call System

Dear Mr. Valeri:

As a follow-up to our meeting of November 17, 2000, the New Jersey Propane Gas Association (hereinafter "Association") agreed to provide you and Mr. Juliano with information regarding the experience of our members in their recent inclusion in the New Jersey "One Call" system. I apologize for the delay; however, the Association felt it was important to first communicate with its members regarding the outcome of the meeting and to obtain their input on both the costs and administrative difficulties in attempting to comply with One Call.

At the outset, it is important we reiterate our overall position. The propane gas industry should not be included in the One Call program, nor does the Association believe it was the intent of the Legislature to include propane gas suppliers in the program. It seems clear that the method of operation of the One Call system was designed to address issues arising from the unique characteristics of a public utility, and thus, as will be pointed out below, the system cannot be efficiently applied to the private, self-contained fuel supply installations associated with the usage of propane.<sup>1</sup>

It is therefore important to contrast the differences between public utilities (natural gas, electric, water and telephone) and the propane industry. The most basic difference is the location of the system and the manner of operation. From an operational standpoint, propane systems are vastly different from public utilities and these operational differences account for the difficulty in attempting to include propane suppliers in the One Call system. Utilities operate in clearly defined service areas. The propane industry however is a competitive industry where companies overlap in the areas where they provide service and some have customers scattered throughout the State. Utilities' systems and facilities are fixed in place, whereas, propane facilities change as customers move or change distributors.

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<sup>1</sup> In fact, it is the understanding and belief of the Association that the propane industry is the only industry to whom this statutory scheme has been applied whose facilities are located outside of public rights of way or easements.

Propane systems contain a finite supply of fuel with valves that are manually operable at the tank. The valve is accessible to the customers, emergency response personnel, the fuel supplier and the on-site contractor in the event of a problem. The system will always consist of 1/2 to 3/4 inch diameter service lines operating at 10 lbs. of pressure, both of which are much less than that used by natural gas lines.

With regard to location, utilities are virtually all located within the public right of way along public thoroughfares whereas propane tanks are located on private property, having been specifically designed and installed for an individual user. At a minimum, propane systems are visually observable both at the container (tank) area and where the supply lines enter the structure unlike an underground public utility where excavators are unable to visually locate a natural gas or water line without the utility providing the locations. Furthermore, it is usually the propane gas customer who initiates the excavation within their property. The customer is therefore aware of when their contractor will be on site and where the excavation will take place, in proximity to the propane installation.

Another difference between public utilities and the propane industry is that the ownership of propane systems vary greatly depending on the distributors. Customers in certain cases will own the equipment outright, in other cases the distributor will maintain ownership of the system and lease it to the customers, yet in other situations, the distributor may own part of the system and the customer may own the remainder of the system. Customers can choose among various independent propane retailers, and therefore, in given locations there will be multiple propane suppliers operating not only in the same town but also on the same streets. Furthermore, it is not uncommon in the propane industry for customers to change suppliers from year to year. Clearly, these are issues that do not arise in the transmission or distribution of services by a public utility.

As a consequence of these differences, the One Call system cannot be effectively applied to the propane industry, and in fact, the experience of our members in the system vividly illustrates the problems. Since September 1, 2000 through December 31, 2000, one of our members has received 5,208 "Intent to excavate" tickets from One Call with only 494 actually being marked out or 18% of all tickets issued. New Jersey One Call has for this member listed in its database 1,650 propane customer locations, yet as noted, there were 5,208 tickets issued which means each customer would have had multiple excavations at each location, an improbable occurrence.

Moreover, while the statute expressly requires that an excavator provide "specific site locations," N.J.S.A. 48:2-82b(4), tickets are routinely issued for "0 " street name as a location. Attached are two billing reports from Utiliquist showing tickets issued for "0 North Parkway" and "0 State Highway 23 South." Since propane installations are limited to specific, discreet customer locations, such a non-specific, general reference merely to the roadway affected by an excavation is useless to a propane company trying to identify whether it is the owner or operator of any underground facilities implicated by the mark-out request. These location designations are not uncommon and give a good example of the difficulties in locating a private system when there is a street excavation.

In addition to the problem of actually providing a location, One Call is unable to promptly update customer data and therefore notify the appropriate system operator as required by the statute. As noted earlier, this is an extremely competitive industry. Customers are changing suppliers on a regular basis. It has been the experience of our membership that as One Call attempted to update the data (at times it takes more than two weeks to effectuate a change), notices are being sent to the wrong distributor. The direct financial cost of these problems falls on each individual member and the costs have been staggering. Three of our members have now been charged, in the aggregate, \$91,400 from September through December 2000 or approximately \$23,000 per month.

Unlike regulated utilities, with which the propane industry competes, these costs can not merely be incorporated into a rate base. As such, propane marketers are continually being placed at a competitive disadvantage vis-à-vis other suppliers of energy and fuel, including without limitation the fuel oil and the electric industries. The costs of complying with the statutory scheme cannot be recouped from consumers without negatively impacting upon the financial health of propane marketers, and in certain situations may cause some companies to go out of business. It is clear that One Call, as it has been applied to the propane industry, simply does not work. Functionally, One Call was designed to meet the requirements of public utilities, and the problems associated with its application to the propane industry are inherent in its design, enforcement and application.

I trust this information is helpful to you and your staff as you evaluate the Association's request. The Association stands ready to address its concerns in a dialogue directly with the Board or its staff members and welcomes such further discussions. Once you have had the opportunity to complete your review of the foregoing, kindly contact me so that we may schedule a meeting at your earliest convenience to address any thoughts or comments you may have in this regard.

Thank you for your time and anticipated cooperation.

Very truly yours,

Samuel G. Destito

SGD:pmm  
Enclosures

cc: William Curcio  
Michael Merrill  
Thomas Tarantin  
Ed Walsh, Esq.